

Message Text

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PAGE 01 STUTTG 00305 071926Z

62

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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R 071700Z MAY 74

FM AMCONSUL STUTTGART

TO AMEMBASSY BONN

INFO SECSTATE WASHDC 2033

U.S. MISSION BERLIN 355

AMCONSUL BREMEN

AMCONSUL/DUESSELDORF 409

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

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E.O. 11652: DECONTROL IN ONE YEAR

TAGS: PGOV, PI T, GW

SUBJECT: BUSINESS COMMUNITY REACTION BRANT RESIGNATION

1. FORTUITOUS MEETING STUTTGART BRANCH OF GERMAN-AMERICAN CHAMBER COMMERCE MAY 7 PROVIDED I OPPORTUNITY OBTAIN FIRST REACTION BRANDT RESIGNATION FROM GOOD CROSS SECTION 60 LOCAL GERMAN LEADERS OF MAJOR INDUSTRY, BIG BANKS, AND ECONOMIC EDITORS. ALL ARE CONSERVATIVES AND MANY BELONG TO CDU.

2. ALTHOUGH CONSENSUS NOT YET FORMED AND WIDE RANGE OF OPINIONS EVIDENT, FOLLOWING REPRESENT MAJORITY VIEWS:

A. COALITION NOT IN DANGER POLITICALLY WITH SCHMIDT AS SPD CHANCELLOR CANDIDATE. (SPD BUNDESTAG DECISION TO NOMINATE SCHMIDT BECAME KNOW DURING LUNCHEON.) SCHEEL WILL BE ELECTED PRESIDENT.

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PAGE 02 STUTTG 00305 071926Z

B. NO GREAT PROSPECT FOR POLITICAL PRESSURE FOR UNILATERAL REVIEW AND DENUNCIATION EASTERN TREATIES OR AGREEMENTS WITH GDR SORESEEN EVEN THOUGH IT LIKELY GUILLAUME HAS GIVEN BASIC SECRETS TO OTHER SIDE AND, THEREFORE, IT POSSIBLE TO CONCLUDE FRG WAS NOT DEALING WITH FAIR PARTNERS IN NEGOTIATIONS.

C. NO IMMEDIATE CHANGES IN FRG ECONOMIC, FISCAL, OR MONETARY POLICIES LIKELY. ECON MIN SRIDERICH'S ROLE VIS-A-VIS SCHMIDT PROBABLY WEAKENED BECAUSE SCHMIDT AS CHANCELLOR WILL BE STRONGER THAN AS FINMIN. HE WILL CONTINUE TO PREFER RISKS OF INFLATION ORE UNEMPLOYMENT. BUSINESSMEN MAY BE A LITTLE MORE UNCERTAIN OF FUTURE FOR FEW DAYS BUT THIS WILL PASS.

D. IN LONGER RUN, BIGGEST DANGER IS SCHMIDT'S STA EING WITHIN SPD. ON ONE HAND HE WILL BE TOUGHER, MORE CONSEQUENT LEADER THAN BRANDT AND HE WILL MAKE DECISIONS MUCH MORE PROMPTLY, INCLUDING HARDER LINE AGAINST LEFTWAWINGERS. BUT, ON OTHER HAND, SPD LEFTISTS, EVEN THOUGH A MINORITY, WILL SEE OPPORTUNITY TO PRESS THEIR ATI-CAPITALIST, ANTI- BUSINESS REFORMS (MITBESTIMMUNG AND VERMOEGUNGSBILDUNG CITED AS PRIME EXAMPLES) AGAINST A PROBABLY WEAKER CENTRAL GOVERNMENT. SCHMIDT WILL TALK TOUGH BUT HE FORCED TO COMPROMISE.

E. GERMAN ELECTROATE WILL NOT THROW SPD/FDP OUT IN 1976 BECAUSE OF GUILLAUME AND CONSEQUENCES THEREFROM. LONG TERM END TOWARD "SOCIALISM" IS ALSO NOT LIKELY TO BE SET BACK, EVEN THOUGH LANDTAG ELECTIONS THIS YEAR WILL NO DOUBT PRODUCE ADVANTAGES FOR CDU.

3. ALMOST ALL BUSINESS LEADERS PRESENT BELIEVE BRANDT USED GUILLIAUME AFFAIR AS EXCUSE TO RESIGN IN AN HONORABLE WAY AND TO GAIN ACCLAIM AS RESPONSIBLE LEADER. THEY BELIEVE BRANDT WAS SRUSTATED, DISAPPOINTED, AND DISILLUSIONED WITH CHANCELLORSHIP AND HIS PARTY COLLEAGUES. HIS PASSING IS NOT REGRETTEED, BUT HE ALREADY LOOKS BETTER THAN HE DID A WEEK AGO TO BUSINESSMEN..

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PAGE 03 STUTTG 00305 071926Z

4. COMMENT: INFLATION (IN SHORT TERM) AND FEARS OF SOCIALISM (IN LONGER TERM) CONTINUE TO DOMINATE LOCAL BUSINESSMEN'S VIEWS. POLITICALLY, THEY REMAIN SKEPTICAL OF COMMON SENSE OF THE AVERAGE VOTER AND CONTINUE TO EQUATE PROSPECTS FOR GERMAN DEMOCRACY WITH THEIR JUDGEMENT OF PROSPECTS FOR CURRENT GERMAN BRAND OF "FREE ENTERPRISE". CONSEQUENTLY, TODAY'S

GOVERNMENT CRISIS AND ITS EFFECTS ARE ALSO JUDGED
BY THESE SAME STANDARDS. THEY EXPECT NO COLLAPSE, BUT
RATHER CONTINUED AND PERHAPS SPEEDIER EROSION OF
THEIR ECONOMIC AND POLITICAL POWER POSITION.
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